

## Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

USIA-06 SAJ-01 EUR-12 NIC-01 DPW-01 /070 W

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R 030327Z FEB 75

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 3693

INFO USLO PEKING

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E.O. 11652: N/A

TAGS: ECON, EAGRNC CH

SUBJ: PLANNING THE "RED FLAG" WAY

REF: HONG KONG 1202

1. SUMMARY. IN AN ARTICLE REMARKABLY SIMILAR IN THRUST TO CHOU EN-LAI'S WORK REPORT, "RED FLAG" (JAN 1) HAS ISSUED A CALL FOR LONG-RANGE PLANNING. THE ARTICLE DRAWS UPON A DIRECTIVE -- "OVERALL PLANNING, STRONGER LEADERSHIP" -- ISSUED BY MAO "A LONG TIME AGO" TO URGE THE DRAWING UP OF LONG-RANGE PLANS FOR BUILDING SOCIALISM. KEYING ON PRAGMATISM, THE ARTICLE ATTACKS UNREALISTIC PLANNING AND BY IMPLICATION POINTS TO THE DIFFICULTY IN INSPIRING INCREASED OUTPUT THROUGH EXHORTATION WHILE KEEPING GOALS WITHIN REASON. END SUMMARY.

2. PRAGMATISM IS THE KEYNOTE OF THE ARTICLE ENTITLED " IT IS NECESSARY TO HAVE AN OVERALL PLAN". IT ACKNOWLEDGES THAT "HACKNEYED CONSERVATIVE VIEW-POINTS" ARE TO BE OPPOSED, BUT IT LEAVES NO DOUBT THAT ITS REAL CONCERN IS UNREALISTIC PLANNING. THE "MASSES", ACCORDING TO THE ARTICLE, DO NOT DESIRE "HOLLOW AND UNREALISTIC GRANDIOS SCHEMES", WHICH IN "NO WAY REFLECT THE LOFTY AMBITIONS OF THE PROLETARIAT." IN MAKING

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PLANS, THE ARTICLE CONTINUES, IT IS "NECESSARY TO AVOID

UNREALISTIC WAYS OF DOING THINGS" AND ENSURE " ENOUGH LEEWAY."

3. "RED FLAG", QUOTING MAO, STATES THAT THE PURPOSE OF LONG TERM PLANNING IS TO PROVIDE A LONG-RANGE TARGET SO THAT THE "SIGHT OF PEOPLE" WILL NOT BE "RESTRICTED TO THE STEP IMMEDIATELY IN FRONT OF THEM." ONLY IN THIS WAY CAN SHORT-TERM PLANNING BE PROPERLY REALIZED. IN CLOSING, THE ARTICLE FORESEES A PROCESS OF "OVERALL PLANNING AND STRONGER LEADERSHIP", WHICH WILL END "SEVERAL FIVE YEAR PERIODS HENCE" -- BY THE "21ST CENTURY"-- WITH CHINA BECOMING A "POWERFUL SOCIALIST INDUSTRIAL COUNTRY."

4. ALTHOUGH IT PRECEDED CHOU EN-LAI'S WORK REPORT BY A COUPLE OF WEEKS, THE "RED FLAG" ARTICLE BEARS HIS IMPRINT AND PROVIDES THEORETICAL SUPPORT TO THE PRAGMATIC ECONOMIC DEVELOPMENT POLICY BE OUTLINED AT THE NPC (HK-818). (PROVINCIAL RESPONSE TO THE CALL FOR LONG-RANGE PLANNING IS ALREADY BEGINNING TO SHOW UP IN INNER MONGOLIA (REFTEL) AND IN MEDIA PUBLICATION OF 10-YEAR PLANS OF ADVANCED UNITS (TSINGHAI, JANUARY 22; CHEKIANG, JANUARY 30). THE ATTACK ON "GRANDIOSE SCHEMES" UNDERLINES THIS RATIONAL APPROACH. IT ALSO BY IMPLICATION POINTS TO THE PROBLEM -- ESPECIALLY AT THE LOCAL LEVEL -- THAT RELYING ESSENTIALLY ON INSPIRATION TO ACHIEVE INCREASED OUTPUT CAN LEAD TO UNREALISTIC GOALS.

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS, SOCIALISM, RED FLAG, POLITICAL SITUATION, POLITICAL LEADERS, PLANNING MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 FEB 1975  
**Decapton Date:** 01 JAN 1960  
**Decapton Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** johnsorg  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Classification:** LIMITED OFFICIAL USE  
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**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 HONG KONG 1202  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** johnsorg  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 11 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <11 JUL 2003 by CunninFX>; APPROVED <13 NOV 2003 by johnsorg>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PLANNING THE "RED FLAG" WAY  
**TAGS:** ECON, EAGR, CH  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006